



1200 RIVERPLACE BOULEVARD • JACKSONVILLE, FL 32207-1809 • (904) 346-1500

TO STEIN MART MANAGEMENT:

The success of the free enterprise system is largely dependent upon voluntary compliance with the basic tenets of honesty and integrity by those who compete in the system. Honest competition based on price, product quality, and customer service serves the public interest and provides individual freedom and opportunity for improvement. Competition on any other basis is destructive of a free society.

We at STEIN MART are dedicated to preserving the free market system in which we operate and to succeeding in our own competitive efforts through strict adherence to high ethical standards.

This booklet contains a statement of some of the formal policies on ethical business conduct which are applicable to STEIN MART and all of its subsidiaries. While it is impossible to write a policy statement covering every instance where a question of ethical business conduct may arise, this booklet sets forth those fundamental principles which underlie the policies and which are to guide the conduct of every STEIN MART associate.

Compliance with ethical business standards is not optional. Failure to observe such standards exposes the Company and possibly its associates to severe legal sanctions and damages the reputation of the Company and its associates. Conduct which falls short of the mark, no matter what may be considered "standard business practice," is not acceptable. If you are in a situation which you believe may violate or lead to a violation of this Policy, follow the guidelines described in the Reporting Illegal or Unethical Behavior or Compliance and Interpretation sections of this Policy. It is the responsibility of each STEIN MART manager to make sure that the associates under his/her direction understand and adhere to the Company's policies.

You are asked to read this booklet promptly and carefully, and complete and return the enclosed reply form to me.

Should you have any questions or need additional information regarding these policies, contact the Vice President, Internal Audit, Safety and Security or Executive Vice President, Chief Administrative Officer.

Sincerely,

Linda M. Farthing
President & Chief Executive Officer

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COMPLIANCE WITH LAWS

The Company, through its associates, must comply with all statutes, regulations and other applicable laws wherever its business is conducted. Neither lax law enforcement nor widespread disregard of the law is an excuse for the Company's failure to obey the law.

References to the law contained in these policies are not complete statements of the law and do not impose on associates or the Company any greater obligation than is otherwise imposed under the law.

CONFLICT OF INTEREST

Each associate is expected to perform his/her duties in a loyal and faithful manner. He/she should avoid any activity, investment, interest or association which conflicts or interferes with, or appears to interfere with, the independent exercise of his/her judgment in the Company's best interests. An associate should never use his/her position in the Company for a purpose that is, or appears to be, motivated by the desire for private gain for himself/herself or another.

A conflict of interest may arise in many situations. Some of the most common are covered in the following specific prohibitions:

1. Unless the associate has first made full disclosure to, and received written approval from the company's Vice President, Internal Audit, Safety and Security no associate (directly or indirectly through relatives or other means), shall:
 - a. have a personal financial interest in or relationship with any supplier, customer or competitor of the Company or in any other party doing or seeking to do business with the Company; Ownership of less than one percent of any class of publicly traded securities of a company will not be considered a conflict of interest; or
 - b. have a personal financial interest in any transaction between the Company and any such party.
2. Unless the associate has first made full disclosure to, and received written approval from the Company's Vice President, Internal Audit, Safety and Security no associate shall make or attempt to influence any decision relating to any business transaction, if such transaction is between the Company and:
 - a. a relative of such associate, by blood or marriage; or
 - b. any firm of which such relative is a principal, director, officer or associate.
3. No associate or member of his/her immediate family shall request or accept any money, lavish or excessive hospitality, free or discounted services or use of

facilities, loans or any gifts or favors having more than a nominal value (i.e., \$50) from any supplier, customer or competitor of the Company or any other party doing or seeking to do business with the Company. An associate, however, may accept normal sales promotional items or mementos or other such gifts, which are of nominal value of \$50 or less and limited frequency. Participating in business related functions, such as the acceptance of lunches or other meals, or customary and reasonable entertainment in connection with Company business including accepting invitations to attend local sporting events, musicals or theatrical performances from/with suppliers, customers or competitors on occasion, is a normal and permissible business practice.

An associate may purchase insurance, receive loans on competitive terms or purchase services from insurance companies, banks, other financial institutions or other organizations which do business with the Company so long as they report these transactions, in advance to the Vice President, Internal Audit, Safety and Security or the Senior Vice President, Human Resources.

Care should be exercised to avoid a cumulative effect of accepting and participating in any of these types of business related functions on a regular basis so as to avoid the appearance of a conflict.

The receipt by an associate of any prohibited gratuity or any offer of such a gratuity should be reported immediately to the Vice President, Internal Audit, Safety and Security or the Senior Vice President, Human Resources for a determination as to whether the gift should be accepted or returned or, if a return is not feasible, the proper disposition of the gift. After reporting the receipt of the gift to the person in charge of the operating unit or staff department, any gift to be returned should be forwarded to the corporate security department. The gift should be accompanied by written details as to:

- a. the name of the individual from whom the gift was received;
- b. the name and address of the firm with whom the individual making the gift is employed;
- c. the date the gift was received;
- d. the name and department of the person receiving the gift; and
- e. STEIN MART's relationship with the firm or person making the gift.

The corporate security department will arrange for return of the gift to the sender with a letter explaining the Company's policy.

- Annually, or more frequently if necessary, the company will forward to all vendors and suppliers a letter explaining the Company's position on the giving and receiving of gifts.
4. No associate shall use his/her position with the Company to purchase merchandise directly from outside suppliers for personal use, unless such purchase is first approved by the Executive Committee Member having responsibility for the associate's operating division or staff department.
 5. No associate shall have any outside employment or any outside business activity which:
 - a. involves the use of Company property or facilities;
 - b. materially diverts the associate's time, attention or energy away from the Company's business; or
 - c. otherwise interferes with the performance of the associate's duties.
 6. No associate shall serve as a director of a business corporation without the approval of the chief executive officer or, in the case of the chief executive officer, the approval of the board of directors.
 7. No associate (directly or indirectly through a relative or other means) shall take advantage of a business opportunity related to the Company's business, unless the associate has first offered such opportunity to the Company and the Company has declined such opportunity and agreed that the associate may personally take advantage of that opportunity.
 8. It is almost always a conflict of interest for a Company associate to work simultaneously for a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

ACCOUNTING RECORDS AND CONTROLS

United States law requires that the Company keep accurate books, records and accounts to fairly reflect the Company's transactions and that the Company maintain a system of internal accounting controls to assure that:

- a. transactions are executed and access to Company assets is permitted only in accordance with management's authorization;

- b. transactions are recorded so that the Company maintains accountability for its assets and prepares financial statements in accordance with generally accepted accounting principles; and
- c. the recorded accountability for the Company's assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Each associate must fulfill his/her responsibilities to assure that the Company's books, records and accounts are accurate and supported by appropriate documents in auditable form. All vouchers, bills, invoices, receiving documents, sales receipts, deposits, and other business records must be prepared with care and complete candor. No false or misleading documents or accounting entries and no bank accounts, funds or other assets not properly recorded on the Company's books shall be permitted for any reason. No payment shall be made with the intent or understanding that such payment or any part thereof is to be used for purposes other than those described in the documents supporting the payment.

The books and records of the Company should have the highest degree of integrity. Any intentional falsification of them is a serious breach of fiduciary duty. The Company is dedicated to providing accurate and timely information concerning the Company's operations for the benefit of our shareholders and potential shareholders. All records shall be maintained for such periods of time as required by applicable laws. If you are uncertain as to retention periods, please contact the Company's Accounting Department. If you have any concerns that any transaction involving the Company is not being properly accounted for or reported, please immediately notify the Accounting Department.

CONFIDENTIAL OUTSIDE "HOTLINE"

You are encouraged to discuss any concerns about any possible unethical or illegal activity with your supervisor. However, if you would prefer to be anonymous or fear any retaliation you may call the law firm of Volpe, Bajalia, Wickes, Rogerson, Galloway & Wachs at (904) 355-1700, identify yourself as a Stein Mart associate and ask for Timothy Volpe who is an independent third party separately retained by the Company to insure that the Company and its officers will not know the source of the report. Mr. Volpe will then take the appropriate steps to communicate your concerns to the Company's Audit Committee without disclosing your name.

CONFIDENTIAL INFORMATION

No associate shall make any unauthorized use or disclosure of any of the Company's confidential or proprietary information, whether or not such use or disclosure is for the associate's personal benefit or gain. Associates have an affirmative duty to safeguard the confidentiality of such information. Confidential Company information includes, but is not limited to, the following:

- product development and marketing plans and strategies;
- sales reports, profit and loss statements;
- information relating to customers and suppliers;
- methods and procedures of doing business;
- personnel records, pay rates, proposed managerial changes and other personnel plans; and
- stockholder lists and other information relating to stockholders, and material, nonpublic information.

INTELLECTUAL PROPERTY

Included among Stein Mart's most valuable assets is its intellectual property - trade secrets, trade marks, service marks, copyrights, logos, and other proprietary information. It is Stein Mart's policy to establish, protect, maintain, and defend its rights in its intellectual property. The intellectual property assets and other proprietary information of Stein Mart can be used only for authorized company business. All associates must take steps to safeguard these assets and information.

Stein Mart respects the valid intellectual property rights of others. Unauthorized use of intellectual property rights or copyrighted materials of others may expose Stein Mart to civil lawsuits and damages. Remember, simply because material is available for copying, such as information downloaded from the Internet, this does not mean that it is permissible to copy or distribute that information. Therefore, you should consult with management or Stein Mart's General Counsel concerning necessary licenses and approvals to use such intellectual property, and you should not solicit, accept, or use proprietary information of third parties, such as former employers of current Stein Mart associates, without the required licenses and approvals.

Stein Mart is legally entitled to all rights in ideas, innovations, patents and works of authorship relating to its business or the retail business that are made by associates during the term of their employment and whether or not in the scope of their employment and whether or not created, using the resources of Stein Mart. As a condition of employment, associates (i) are required to disclose such ideas, innovations, and works of authorship to their supervisor, (ii) hold all such rights in trust for Stein Mart, and (iii) to execute necessary documentation to transfer these ideas, innovations, and works of authorship to Stein Mart. Many associates may also be required, as a condition of employment, to sign and comply with an Intellectual Property, Invention, and Work Product Agreement.

INSIDER TRADING

Pursuant to SOP 3-40-925, (Insider Trading) it is unlawful and against Company policy for an associate

- a. to buy or sell securities of the Company if the associate has material information about the Company which has not been publicly disclosed;
- b. to make unauthorized disclosures of such nonpublic information to others who do not have a legitimate need to know and who trade in securities on the basis of that information; or
- c. to recommend that others purchase or sell the Company's securities while in possession of such nonpublic information.

This prohibition also includes purchases or sales of securities of another corporation based on material, nonpublic information about such other corporation which is acquired by an associate in the course of his/her employment by the Company. Information is considered to be material if a reasonable investor would consider it important in making an investment decision. Such information includes proposed dividends, stock redemptions or repurchases, stock splits or other such capital changes; earnings reports, operating plans or budgets and other actual or projected financial information; possible mergers, acquisitions or divestitures; planned debt or equity securities offerings; changes or expected changes in debt ratings; significant contracts; new products, significant management changes; and significant litigation or governmental investigations. Information is considered nonpublic if it is not generally available to investors (i.e., has not been broadly disseminated through the news media or in a filing with the Securities and Exchange Commission). When in doubt, associates should assume information is material and nonpublic.

There are also strict laws as to requirements for certain associates to immediately report to the Securities and Exchange Commission trades in the Company's shares. If you have any questions, please consult the Senior Vice President, Chief Financial Officer.

DISCRIMINATION AND HARASSMENT

The diversity of the Company's associates is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include, but shall not be limited to, derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. Any such instances should be immediately reported to the Senior Vice President, Human Resources.

HEALTH AND SAFETY

The company strives to provide each associate with a safe and healthy work environment. Each associate has responsibility for maintaining a safe and healthy workplace for all associates by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Associates should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of or possession of alcohol, firearms, weapons, or illegal drugs on company property will not be tolerated. We encourage you to report any unsafe conditions to your supervisor.

The Company also has a policy against knowingly buying goods produced in “sweat shops” or manufacturing facilities using child labor or otherwise violating fair labor standards.

POLITICAL CONTRIBUTIONS

United States law prohibits corporations from making any expenditures or contributions of money or anything of value in support of political candidates for elective federal offices. The laws of many states and foreign countries similarly prohibit the use of corporate funds or contributions for political purposes.

No contributions of Company funds, property or services for political purposes shall be made directly or indirectly by or on behalf of the Company, unless, prior thereto, such contributions have been determined to be lawful and have been approved by the Company’s Board of Directors. A “contribution” includes the rendering of services on behalf of the Company or the sale of Company assets for less than normal charges.

This policy statement relates only to contributions by or on behalf of the Company and is not intended to discourage associates from making contributions of their own resources or own time to the candidates or political parties of their choice. However, the Company will not reimburse any associate directly or indirectly for any political contribution made by the associate. No associate shall apply any pressure to any other associate that infringes upon an individual’s right to decide whether, to whom and in what amount, a personal political contribution is to be made.

RELATIONSHIP WITH VENDORS AND CUSTOMERS

All vendors and customers and potential vendors and customers are to be treated honestly and fairly. Sales and purchases by the Company shall be based on price, product quality and customer services.

No associate shall give or offer to give any money, gifts, favors, lavish or excessive hospitality, loans or anything of value to any associate or agent of any vendor or

customer to obtain or retain business or realize higher or lower prices for the Company under any circumstances which might be construed as an attempt to unduly prejudice the recipient in favor of the Company. An associate of the Company, however, may give normal sales promotional items or mementos or other such gifts which are of nominal value of \$50 or less and limited frequency, and customary and reasonable entertainment in connection with Company business.

Associates should not suggest or imply that purchases or sales by the Company will be conditioned upon sales or purchases from the Company.

No associate shall make any false or misleading remarks to vendors or customers about other vendors or customers or about competitors of the company, their products or services. Neither shall an associate make promises which he/she knows the Company is unwilling or unable to keep.

The Company shall not purchase any goods or services from or through a former associate of the Company, whether such former associate is acting on his/her own behalf as a supplier or vendor or as an associate or independent agent for a supplier or vendor, for a period of three years following the termination of his/her employment. The Company may do business with firms which employ former STEIN MART associates, provided that no former associates attempt to influence the Company's decision to purchase such goods or services or are otherwise involved in the sale to the Company during the three-year period. Exceptions to this policy may be approved by the chief executive officer of the Company.

Cooperation with boycotts imposed by other countries is strictly prohibited. Any request for information about business relationships with a boycotted country or other boycott-related information must be promptly reported to the Vice President, Internal Audit, Safety and Security even though there is no intent of complying with such a boycott request.

THIRD COUNTRY PAYMENTS

Unless payment in another manner shall have been approved by the Vice President, Internal Audit, Safety and Security, the payment of all:

- a. fees or commissions to brokers, consultants, attorneys or the independent agents;
- b. salaries, bonuses, commissions or other compensation to associates; and
- c. trade payables and other such disbursements

must be made directly to such party in the country where the recipient maintains his/her or its principal office or, if the recipient regularly maintains an office in such country, in the country where the payments were earned. No approval will be given if such proposed

payment is determined to be of questionable legality or if it appears such payment may facilitate the evasion of tax, currency exchange control or other laws by the Company, its associates or others.

RELATIONSHIP WITH GOVERNMENT OFFICIALS

Associates are prohibited from offering, promising to pay or authorizing payment of any money or anything of value to any government official, any political party or official thereof or any candidate for political office for the purpose of influencing any act or decision of such official, party or candidate in his/her or its official capacity or for the purpose of inducing such official, party or candidate to use his/her or its influence to affect or influence any act or decision of a government or any agency thereof. Associates are likewise prohibited from using agents or intermediaries, if the associates know or have reason to know that the agent is engaged in such activities on behalf of the Company.

Federal and many state laws strictly prohibit the payment of compensation or giving of gifts or anything of value to anyone connected with the government as an inducement for contract awards, including subcontracts with a government contractor. Seeking or accepting any compensation in connection with such contracts is similarly prohibited.

All relations with government or political officials should be conducted in a manner that will not adversely reflect on the Company's or the government official's integrity and with the expectation that all such actions will become a matter of public knowledge.

DOING BUSINESS THOROUGH INDEPENDENT AGENTS

The Company does some of its business through independent agents where it is determined that they can represent the Company more effectively and economically than Company associates. While the independence of these agents makes it difficult to monitor their activities, the Company should:

- a. make clear to all independent agents that they are expected to observe the same ethical business practices which the Company would follow; and
- b. through normal business procedures and accounting controls, do what it can to make sure that independent agents representing the Company adhere to such practices.

REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

Associates are encouraged to talk to supervisors, managers, or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by associates. Associates are expected to cooperate in internal investigations of misconduct.

COMPLIANCE AND INTERPRETATION

We must all work to ensure prompt and consistent action against violations of this Policy. Any associate having information regarding any violation of the policies set forth in this booklet has a duty to immediately report that violation. In some situations, however, it may be difficult to know right from wrong. Since we cannot anticipate every situation that may arise, it is important that we have a way to approach a new question or problem as well as a way to report a known violation. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it locally with your manager or your department head. If that also is not appropriate, call (800) 338-5653, the Company's toll-free Ethics Line, which will put you in direct contact with the appropriate associate at the Corporate office. If you prefer to write, address your concerns to the Vice President, Internal Audit, Safety and Security or the Senior Vice President, Human Resources as noted below.
- **You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against associates for good faith reports of ethical violations.**
- Always ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

All management associates will be required to submit a signed statement each year, or at such other intervals as may be requested by the chief executive officer, affirming that they have read and understand the policies contained in this booklet and that they are not aware of any violations of such policies.

Any person who violates the policies set forth in this booklet may be subject to severe disciplinary action including, where appropriate, termination of employment. Under

some circumstances, the associate may be subject to criminal prosecution or a civil action by the Company for damages or other relief.

Any questions regarding the interpretation or application of the policies set forth in this booklet should be directed to the Vice President, Internal Audit, Safety and Security or Senior Vice President, Human Resources. Any questions concerning the legality of any course of conduct or actions taken or proposed to be taken by associates should be directed to the General Counsel. Inquires may be submitted by mail or telephone as follows:

Vice President – Internal Audit, Safety and Security
(904) 346-1476

Senior Vice President, Human Resources
(904) 346-1283

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EMPLOYMENT-AT-WILL

Nothing contained in this document is intended to guarantee any term of employment or specific benefits for any period of time. The Company, may, from time to time, change your duties, your location of employment, your continued employment, or any of the terms and conditions of your employment. None of the Company's guidelines, policies, or procedures change the employment-at-will relationship between you and the Company, nor should they be construed to create a contract of employment between you and the Company.